

**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

RODNEY K. HARAGA  
DIRECTOR

Deputy Directors  
FRANCIS PAUL KEENO  
BARRY FUKUNAGA  
BRENNON T. MORIOKA  
BRIAN H. SEKIGUCHI

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

Amendment No. 5 to Lease No. DOT-A-92-0018  
Restaurant and Lounge Concession Lease  
Host International Inc., Honolulu International Airport

OAHU

The Department of Transportation (DOT) proposes to amend the existing Restaurant and Lounge Concession Lease (DOT-A-92-0018) at Honolulu International Airport. The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the amendment:

PURPOSE:

To amend the existing Concession Lease DOT-A-92-0018 at Honolulu International Airport, to allow for additional space to offer food and beverage services to travelers, to extend the term to give the concessionaire the time to construct substantial improvements to provide better service to travelers and those wishing to greet arriving passengers at Honolulu International Airport.

Under Article III of Lease DOT-A-92-0018, the specific area assigned or provided for the concession activity may be changed at the discretion of the Director of Transportation.

Act 128 Session Laws of Hawaii 2006 provides the State with sole discretionary authority, upon agreement with the lessee, to amend, modify and alter the terms of the concession leases and permits in various respects including and not limited to:

1) granting limited lease or permit extensions in exchange for improvements by concessionaires provided there are no reductions in stated rent amounts; and 2) adding lease provisions providing for economic emergency relief in case of disruptive economic events as contained in newer concession leases by the DOT.

APPLICANT:

Host International, Inc. whose business address is 6600 Rockledge Drive, Bethesda, MD, 20817.

LEGAL REFERENCE:

Chapter 102, and Section 261-7, Hawaii Revised Statutes, as amended. Act 128 Session Laws of Hawaii 2006.

LOCATION:

Honolulu International Airport.

PREMISES:

Additional premises provided to concessionaire:

- 1) Building 310, Space No. 152, containing an area of approximately 283 square feet.
- 2) Building 310, Space No. 203D containing an area of approximately 912 square feet.
- 3) Building 310, Space No. 204C containing an area of approximately 481 square feet.
- 4) Building 341, Space No. 105 A and B containing an area of about 210 square feet.

ZONING:

Honolulu – Land Use: Urban/County: Industrial (I-2)

TAX MAP KEY:

1<sup>st</sup> Division – 1-1-03:Portion of 1 (Honolulu)

LAND STATUS:

Honolulu - Section 5(a), Hawaii Admission Act – Non-ceded  
DHHL 30% entitlement lands Yes\_\_ No X

TERM:

The term of the existing 15-year concession lease to be extended from the existing expiration date of April 30, 2008 to April 30, 2014.

IMPROVEMENTS:

Applicant will construct and install, at its own cost, at least \$8,000,000.00 in improvements to the spaces listed above and to existing facilities throughout the terminals.

RENTAL:

No additional square footage floor rent will be charged. All gross receipts generated from the additional premises will be included with the gross receipts of the concession. The concessionaire pays the greater of the minimum annual guaranteed rent or a percentage of gross receipts as the concession fee. The current percentage rent rates for the concession are five (5) percent of gross receipts from the employee cafeteria, eight percent (8%) of gross receipts from food and thirteen percent (13%) of gross receipts from alcohol.

The percentage of gross receipts rates for food and alcohol shall be increased based on the table below.

Table 1 – Annual Gross Receipts/Percentage Fee	
Food and Other Sources of Gross Receipts	
Annual Gross Receipts from the sale of Food	Percentage Fee
Less than \$47,000,000.00	8%
\$47,000,000.00 to \$52,000,000.00	9%
\$52,000,000.01 to \$57,000,000.00	10%
\$57,000,000.01 to \$62,000,000.00	11%
\$62,000,000.01 to \$67,000,000.00	12%
\$67,000,000.01 to \$72,000,000.00	13%
More than \$72,000,000.00	14%

Alcoholic Beverages	
Annual Gross Receipts from the sale of Alcohol	Percentage Fee
Less than \$8,000,000.00	13%
\$8,000,000.00 to \$8,500,000.00	14%
\$8,500,000.01 to \$9,000,000.00	15%
\$9,000,000.01 to \$9,500,000.00	16%
\$9,500,000.01 to \$10,000,000.00	17%
\$10,000,000.01 to \$10,500,000.00	18%
More than \$10,500,000.00	19%

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawaii Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawaii, Department of Transportation dated November 14, 1990, as approved by the Environmental Quality Council. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

REMARKS:

The DOT and the Applicant entered into that certain concession lease (Lease No. DOT-A-92-18) dated March 2, 1993, for the Restaurant and Lounge Concession at Honolulu International Airport (Airport). Over time conditions at the Airport have changed and the Applicant finds that the addition of these food and beverage offerings and major improvements to existing locations will result in better service both to travelers and those wishing to greet arriving travelers at the Airport.

Act 128 Session Laws of Hawaii 2006 states, "Notwithstanding any law to the contrary and for concession leases and permits that did not received rent relief after April 30, 2002, by way of negotiation or pursuant to Act 201, Session Laws of Hawaii 2004, the department of transportation, in its sole discretion and authority, upon mutual agreement with a concession seeking to make improvements, may modify, alter, or amend the terms of concession leases and permits in exchange for improvements, including but not limited to locations, requirements, and obligations; provided that:

- (1) Any extension of a lease or permit shall be for a period not longer than forty per cent of the original term of the concession lease;
- (2) The rents during the extension period shall not be lower than rents paid by the concession under its existing lease or permit; and
- (3) Rent relief terms for leases or permits signed prior to April 30, 2002, may be modified to include terms in newer concession leases that provide economic emergency relief for concessions in case of disruptive economic events.

Concession Lease No. DOT-A-92-0018 is eligible for amendment under Act 128 Session Laws of Hawaii 2006.

RECOMMENDATION:

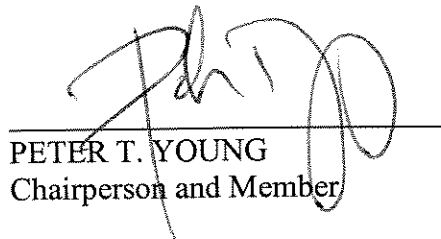
That the Board authorize the DOT to amend the existing Concession Lease No. DOT-A-92-18 subject to: 1) terms and conditions herein outlined, which are by reference incorporated herein; 2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State; and 3) review and approval by the Department of the Attorney General.

Respectfully submitted,

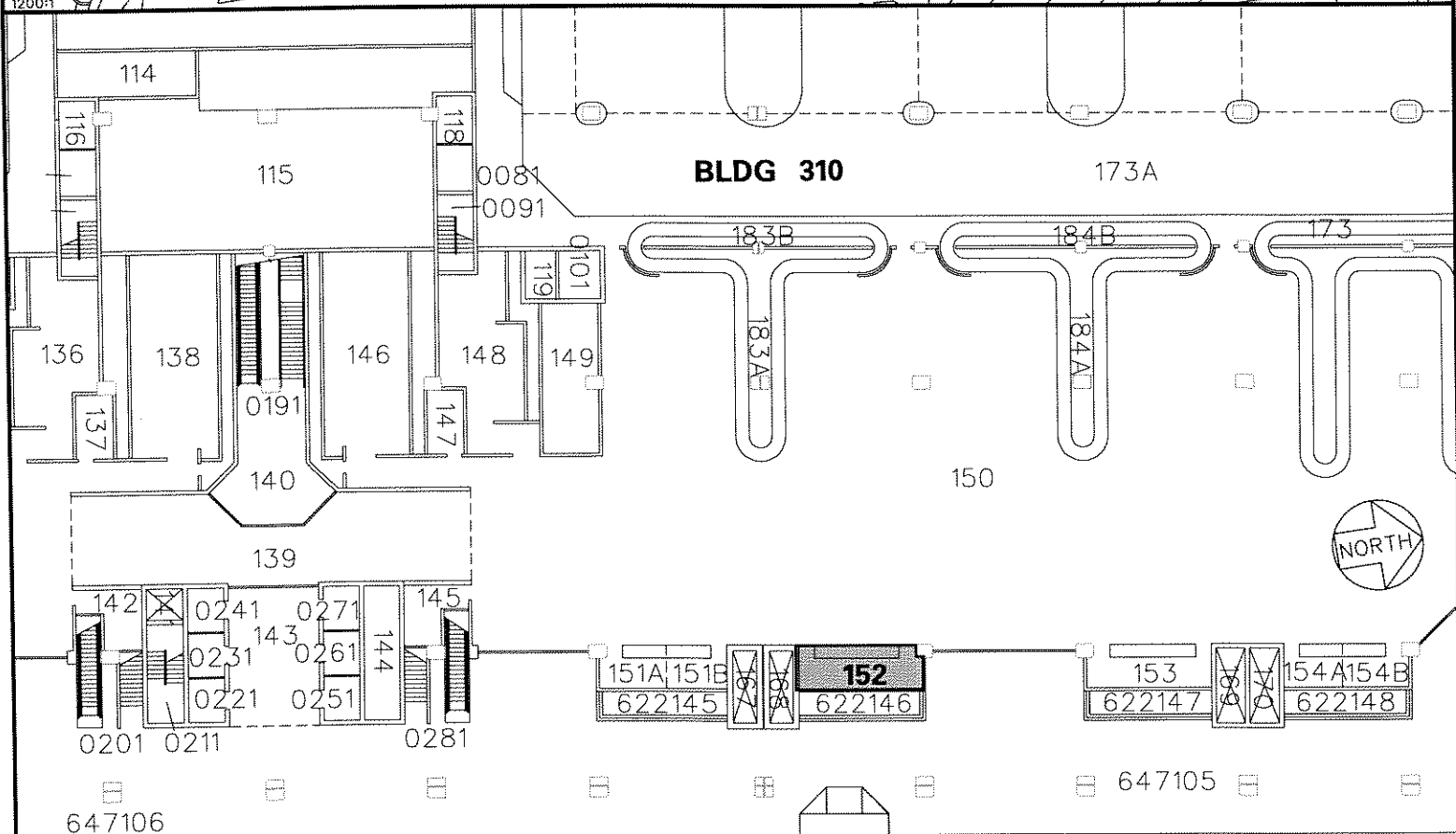
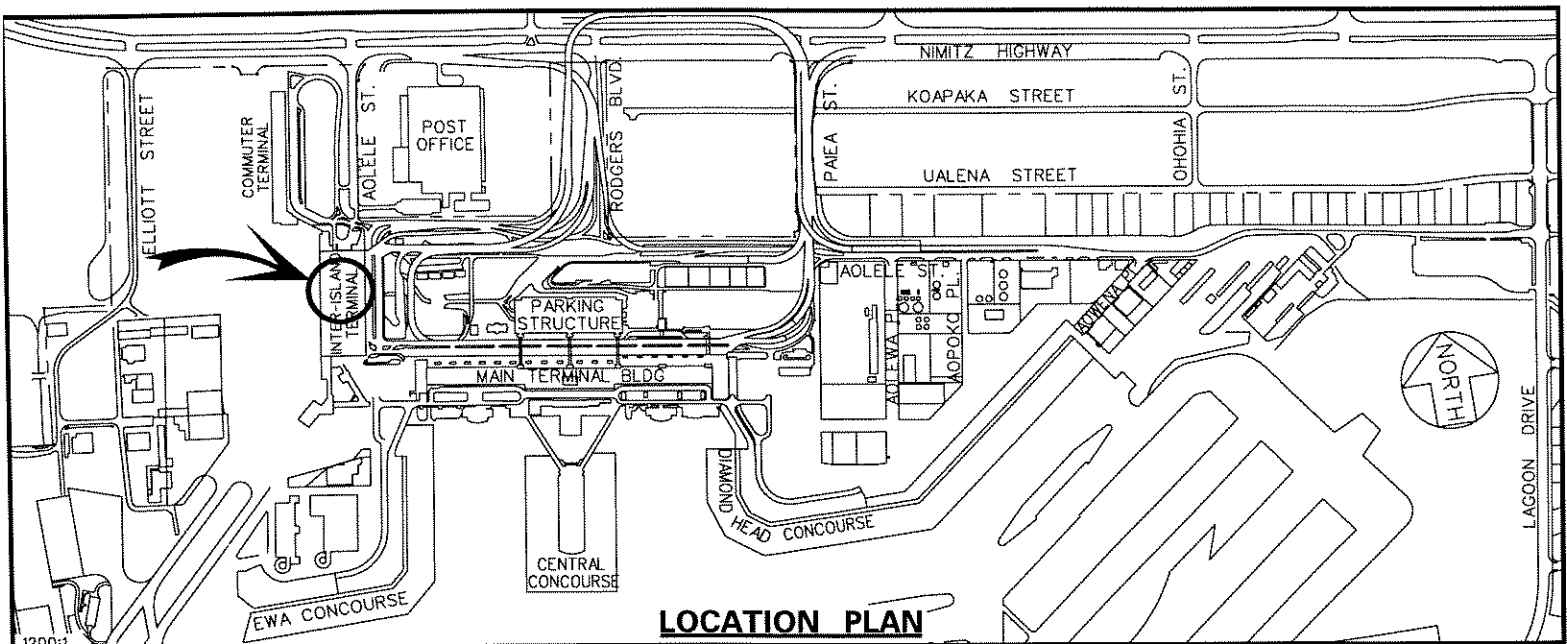


RODNEY K. HARAGA  
Director of Transportation

APPROVED FOR SUBMITTAL:



PETER T. YOUNG  
Chairperson and Member



SCALE: 1"=40'

BLDG/ROOM	SQ. FT.
310 152	283

DATE: SEPTEMBER 2006

EXHIBIT: **B-22**



Airports Division

HOST  
INTERNATIONAL, INC.

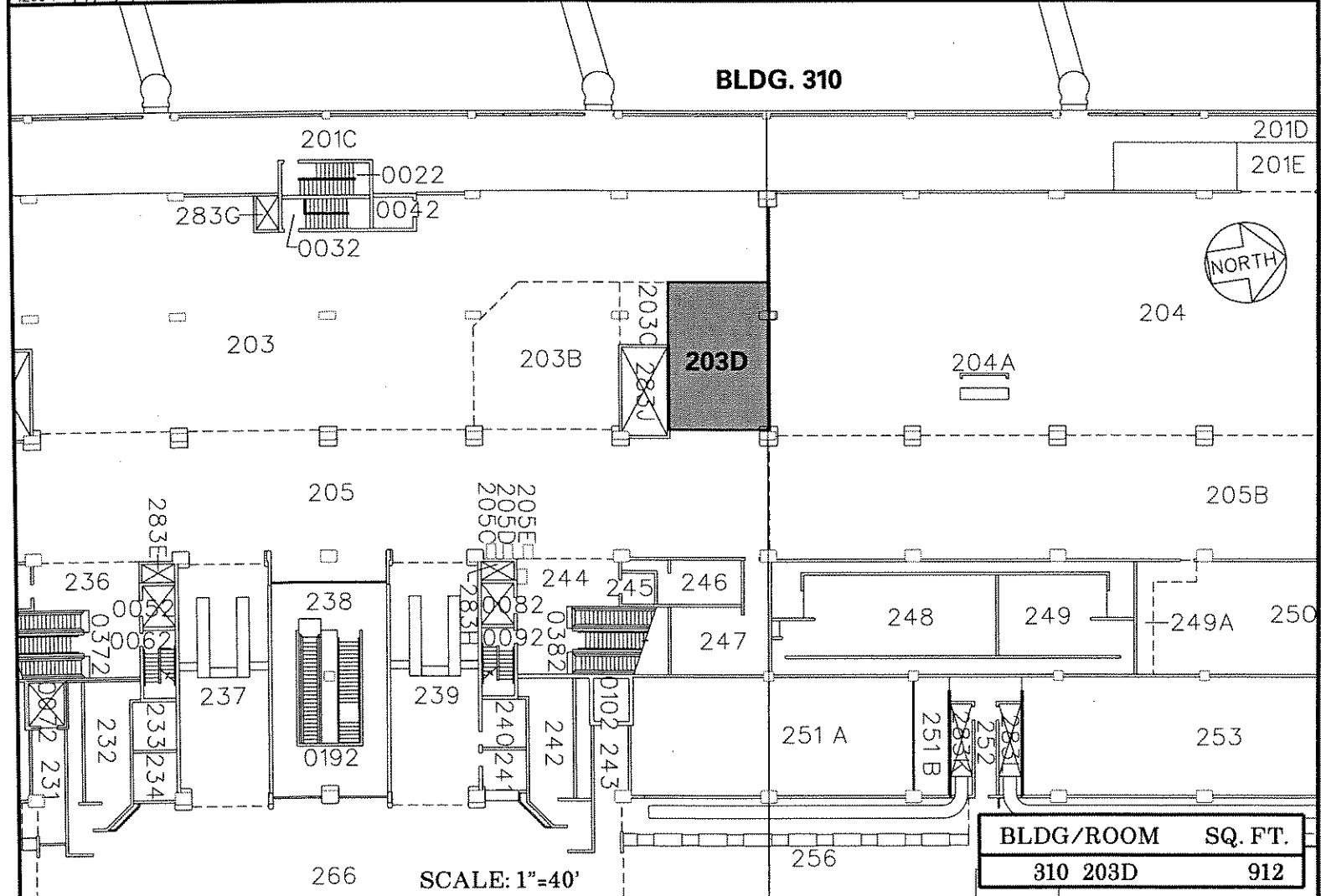
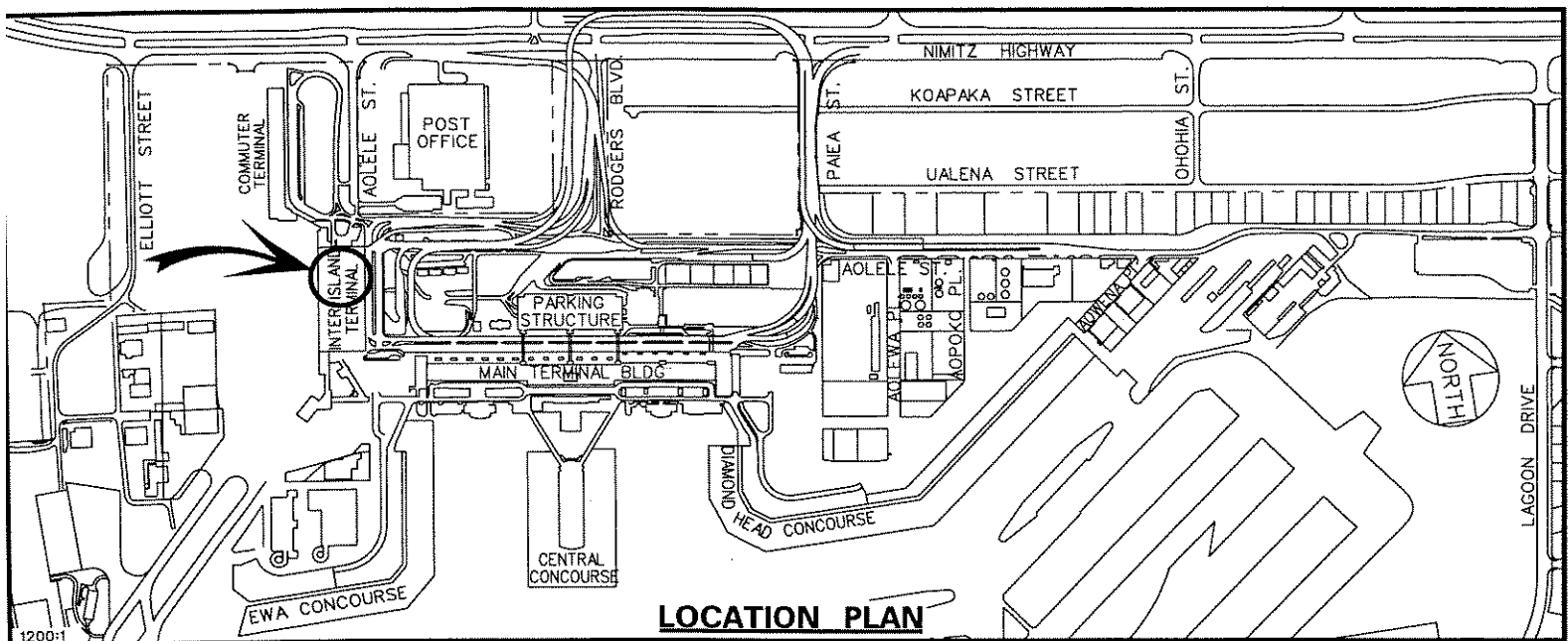
BUILDING 310  
INTER-ISLAND TERMINAL  
GROUND LEVEL

310152

PLAT G1

**HONOLULU INTERNATIONAL AIRPORT**

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DOTA-92-0018

DATE: AUGUST 2006

EXHIBIT: **B-20**



Airports Division

HOST  
INTERNATIONAL, INC.

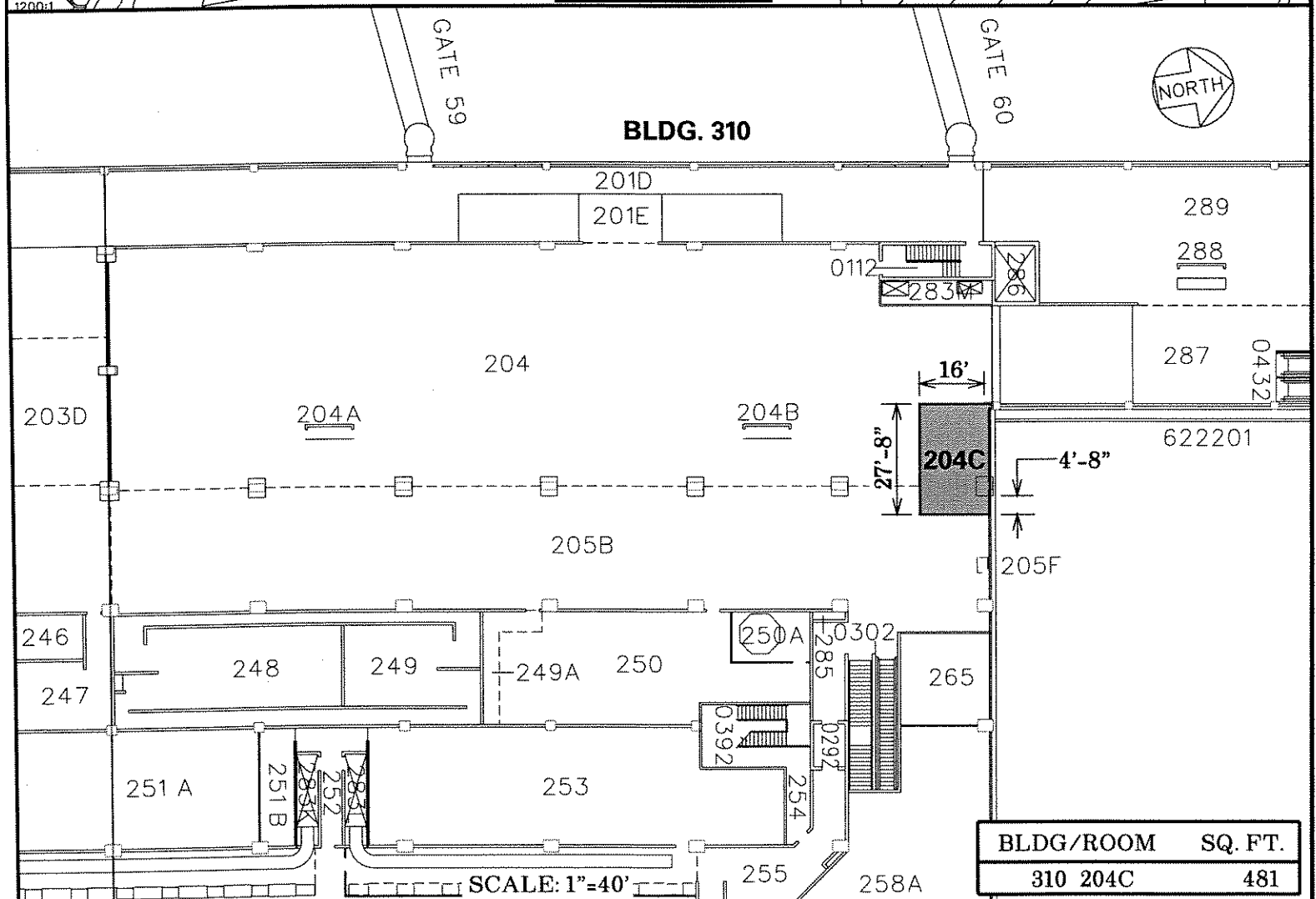
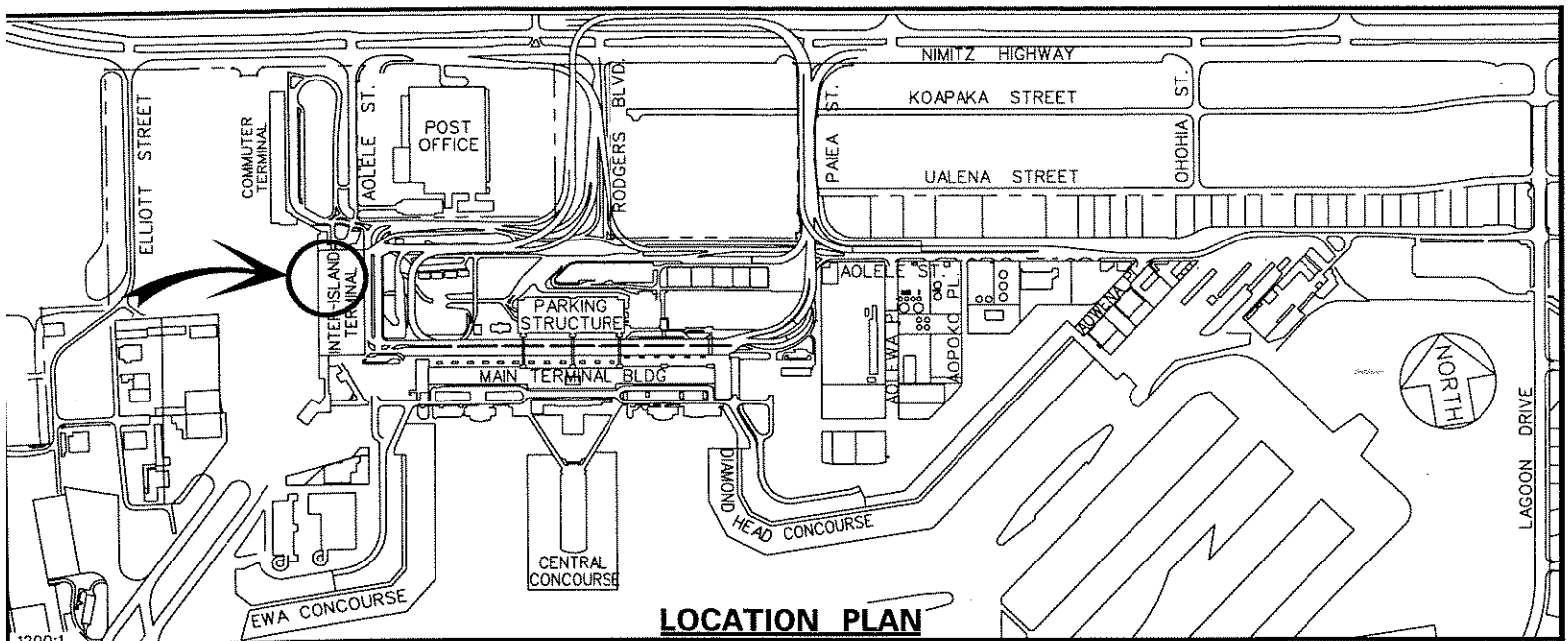
BLDG. 310  
INTER-ISLAND TERMINAL  
SECOND LEVEL

310203D

PLAT G2

**HONOLULU INTERNATIONAL AIRPORT**

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DOTA-92-0018

DATE: AUGUST, 2006

EXHIBIT: **B-21**



Airports Division

HOST  
INTERNATIONAL, INC.

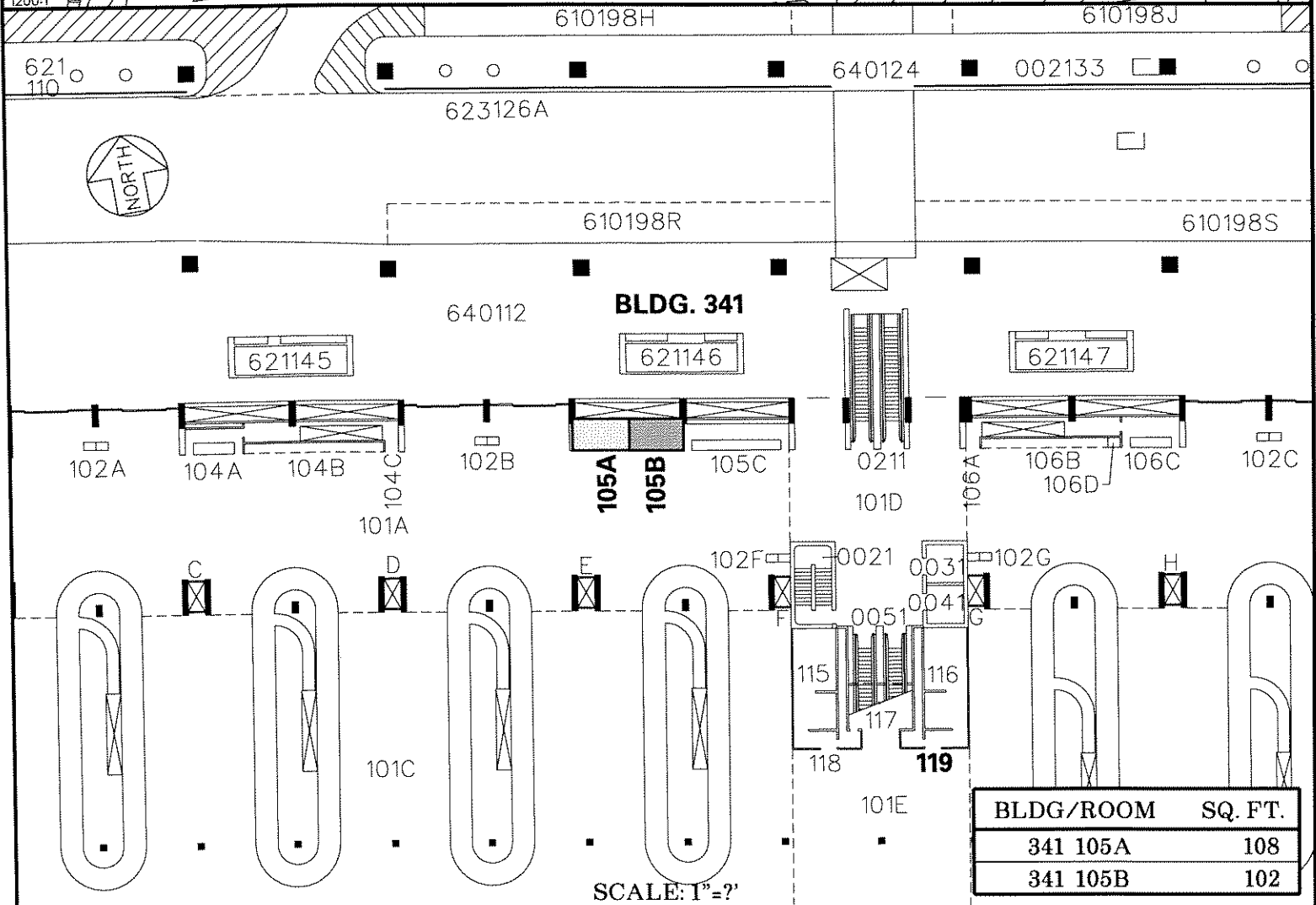
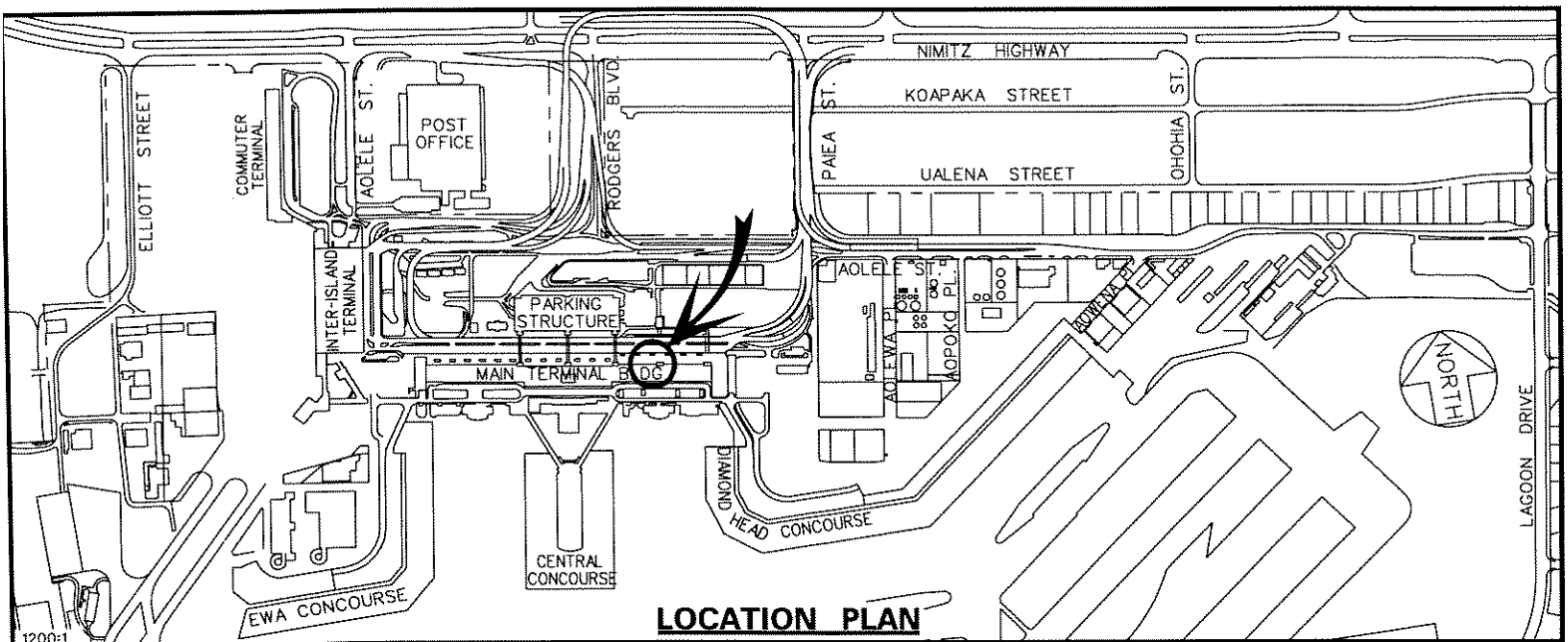
BUILDING 310  
INTER-ISLAND TERMINAL  
SECOND LEVEL

310204C  
PLAT G1

**HONOLULU INTERNATIONAL AIRPORT**

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DATE: SEPTEMBER 2006

EXHIBIT: **B-23**



Airports Division

HOST  
INTERNATIONAL, INC.

BLDG 341  
D.H. DOMESTIC EXTN.  
GROUND LEVEL

341105A  
341105B

PLAT A1

**HONOLULU INTERNATIONAL AIRPORT**

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